

MINUTES OF THE
JOINT HEALTH AND HUMAN SERVICES APPROPRIATION SUBCOMMITTEE
Wednesday, February 7, 2001, 2:00 p.m.
Room 403, State Capitol Building.

Members Present: Sen. David H. Steele, Committee Co-Chair
Rep. Jack A. Seitz, Committee Co-Chair
Sen. Edgar Allen
Sen. Curtis S. Bramble
Rep. Trisha Beck
Rep. David L. Hogue
Rep. David Litvack
Rep. Rebecca Lockhart
Rep. Carl S. Saunders
Rep. Matt Throckmorton

Members Excused: L. Steven Poulton

Staff Present: Thor Nilsen, Legislative Fiscal Analyst
Spencer C. Pratt Legislative Fiscal Analyst
Norda Shepard, Secretary

Public Speakers Present: Rod Betit, Executive Director, Department of Health
Dr. Scott Williams, Deputy Director, Department of Health
Michael Deily, Director, Division of Health Care Financing
Tina Johnson, Legislative Coalition for People with Disabilities
Ted Loosli
Rev. Glen Gleaves, Chair, Governor's Council for People with Disabilities
Donna Liebrecht
Cindy Archuletta
Jon Paulding, Executive Director, Alliance House
Teresa Newbold
Scott Warnick, Utah Issues
Judi Hilman, Utah Issues
Sylvia Rickard
Marion Peterson, American Cancer Society
Dave Gessel, Vice President, Utah Hospital Association
Mike Matthews, Fire Chief, Ogden City
John Harbert, Utah Association of Community Services
Corolla Zitzman
Jerry Costley, ARC of Utah
Nancy Nelson, Health Care Advocate

Visitor List on File

Committee Co-Chair Seitz called the meeting to order at 2:03 p.m.

1. Budget Hearing: Department of Health - Health Care Financing

Analyst Spencer Pratt stated that the Division of Health Care Financing is the administrative agency for Utah's Medical Assistance Programs. The Analyst is recommending a budget for the Division of \$57,190,400, with \$9,915,500 funded from the General Fund. Most of the funding in this Division comes from the federal

government, and with that funding comes a wide variety of funding ratios and regulations. He explained that federal law requires that there be a Medical Care Advisory Committee to advise the Division. The Committee is advisory and its decision are not binding on the Division. Mr. Pratt stated that last year the responsibility for Medicaid Fraud was housed in the Department of Public Safety and during the 2000 session was moved to the Attorney General's Office. A bill was then passed that moved it to the Department of Health, but the funding to go along with the functions was not transferred. Mr. Pratt stated that an arrangement has now been made between the Attorney General and the Division of Health Care Financing where the money will not be transferred but the Attorney General will provide the support that is necessary to the division for medicaid fraud. He noted that while the printed material states that a transfer of \$120,000 is recommended, this recommended is being rescinded. He reported that the report on intent language dealing with returning people with disabilities back to work was given to the Health and Human Services Interim Committee this past summer. He discussed the budgets for the programs within the Division, stating that each one is 100% administration. He noted that the Utah Medical Assistance Program (UMAP) is a state funded medical program that provides medical coverage to low income individuals who do not qualify for Medicaid or Medicare.

2. Approval of Minutes

MOTION: Rep. Hogue moved to consider for the priority list the recommendations for the minutes of 2-02-01, 2-05-01 and the corrections to the minutes of 1-31-01. The motion passed unanimously with Sen. Steele absent at the time of voting.

3. Voting on Budgets

MOTION: Rep. Hogue moved to consider for the priority list the recommendations for the Children's Health Insurance Program, Local Health Departments, and the Medical Education Council in the Department of Health; and H.B. 47, Appropriation for Long-Term Professional Development Programs for Disability Service (*D. Hogue*). The motion passed unanimously with Sen. Steele absent at the time of voting.

Rod Betit, Executive Director, Department of Health, stated that the Medicaid program is a very large health plan that the Division operates. He stated this is a very large and complicated agency with many responsibilities to perform in order to run these programs. He stated they are constantly under surveillance and auditing by federal program officials. These federal programs carry several penalties, financial and otherwise, if not in conformance with all the requirements in place. He stated when he came to Utah in 1987, there were some significant problems, but those were dealt with and resolved and since that time Utah has never had adverse findings from the federal government. He thanked Michael Deily, Division Director, and his staff for bringing that kind of expertise to the Division. He also thanked Mr. Pratt for creating the opportunity to meet with the Attorney General's Office to work out the agreement on Medicaid fraud.

Michael Deily, Director, Division of Health Care Financing, discussed fact sheets that were distributed which contain background information, key issues, and budget requests for the various programs in the Division. He stated that this Division is very large, complex, and deals with a large amount of money. He stated he would address some key issues, one of which was the increase in caseloads and the need for more caseworkers. He stated they have seen an average increase of 2,300 cases per year during the last three years. He stated these cases are sometimes higher than indicated if more than one member of the same family is eligible for one of the many different programs. He discussed the background of UMAP and stated that meeting the increase demand for these services is no longer possible without further funding. Mr. Deily also discussed the Ticket to Work program. He said we have been sending a mixed message for a long time to people with disabilities. One the one hand, we have federal and state law that says people with disabilities ought to be included in our

society, but health care sends them a different message, that if they want benefits they cannot work. He stated we are now finally getting a Medicaid work incentive program as a tool to start addressing this problem. More

information on this is in the handout. In answer to committee questions, he discussed the tobacco cessation programs and the "spend down" programs within the Medicaid umbrella. The "spend down" allows families to buy into the program if their income is too high.

4. Budget Hearing: Department of Health - Medical Assistance

Mr. Pratt indicated that this line item has three programs, the Medicaid Base Program, Title XIX Funding for the Department of Human Services, and UMAP. The Analyst is recommending a total budget of \$839,429,100, with \$162,303,600 coming from the General Fund, part of which is replacement of one-time funding sources. He discussed a chart in the Budget Analysis book that shows the Medical Assistance Growth from 1991 through 2001. He stated the critical funding issues in the division are the federal match rate change, inflationary increases, and utilization/caseload increases. The analyst recommends that these items be considered for additional funding on the prioritization list. If not funded, the federal government will take severe measures. All of these are outlined in the Budget Analysis book. Mr. Pratt explained that the Department is requesting Medicaid rate increased for dentists, physicians and ambulance providers, and UMAP rate increases for physicians and ambulance providers.

In summary, Mr. Pratt stated that Medicaid is an "optional" program, one that a state can elect to offer. However, if a state offers the program, it must abide by strict federal regulations. Some of the services are mandatory and some are optional. It becomes an entitlement program for qualified individuals. Anyone who meets specific eligibility criteria is "entitled" to Medicaid.

Mr. Betit stated that this is a very big program and it has very serious impact on the state. He stated that one out of nine people in the state will be served by this program every year. He discussed two charts that were distributed, stating they give an idea of how far and wide this program goes in terms of funding in other programs at every level. He stated that in each of the indicated departments, the Division of Medical Assistance is responsible to make sure each is functioning correctly. He states things can go seriously wrong with Medicaid if not monitored correctly. He caution that options soon become mandates and stated that we will have serious problems if funding is not appropriated.

Sen. Bramble asked for a report on growth and expenditures in the department since 1987. Sen. Allen stated this should be related to inflation and population growth. Mr. Pratt was asked to prepare this report.

Mr. Deily discussed the pie chart that was distributed showing Medicaid building blocks in the General Fund. As shown on the pie chart, he stated that pharmacy related increases have been the large driver in the program for many years. He distributed "Medicaid Pharmacy 2000," a study showing influencing factors in pharmacy expenditures.

5. Public Testimony

Tina Johnson, Legislative Coalition for People with Disabilities, stated they are concerned about the working disabled, dental fees, and physician fees. She stated it is becoming a great problem to find physicians, and especially dentists, who will accept Medicaid patients, especially in rural area. She distributed copies of letters written to her from constituents concerning some of these concerns.

Ted Loosli said he was concerned about dental fees. He said he asked his own dentist why dentists were leaving the program. His dentist said it was because of the reimbursement, time consuming paper work, and

many times Medicaid patients take more time and are more difficult patients. He stated Medicaid pays about 50% of the normal rate. He stated fees need to be punched up in order to keep people from going to emergency rooms for these services.

Rev. Glen Gleaves, Chair, Governor's Council for People with Disabilities, stated the council represents both individuals with disabilities and their families, as well as state agencies. He said our state has the unprecedented opportunity this year to change the Medicaid program to enable hundreds of Utah citizens with disabilities to become productive tax payers and still receive critically needed medical coverage. He urged committee support for the governor's and analyst's recommendations.

Donna Liebrecht stated she has had MS for 30 years. About 10 years ago she became unable to work which did not please her. She said she now volunteers and is going through a program to be trained for something she can do from a wheelchair. She stated she would very much like to get back to work. She stated there is a big difference for her between volunteering and working. She feels there is higher self esteem and respect when employed. She stated she would like to be able to work and not lose her medical benefits.

Cindy Archuletta said that in July 1992 she and her five year old son were diagnosed with AIDS. She was infected by a blood transfusion. She lost her insurance because of an HIV prohibitive clause. She applied for social security but there was a six month's waiting period. She said she had to impoverish herself to get medical care. She lost her home and everything she had worked so hard to obtain. She stated she can not afford a "spend down" and feels the "spend down" is unfair.

Jon Paulding, Executive Director, Alliance House, explained that the Alliance House is a program that helps persistently mentally ill adults return to work in the community. He said today there is an unprecedented opportunity to take away many of the disincentives that block people with disabilities from returning to work. The most important benefit of being able to return to work is the dignity that comes from being a productive citizen and earning your way in the community. It is also an enormous cost savings to our health care system. He stated there is data that supports the fact that people who work are hospitalized less, they use crisis services less, they function independently in the community better, and that results in a net savings to our health care system. He said he urged committee members on behalf of Valley Mental Health and on behalf of many mentally ill adults in this state, and other disability groups to please fund the Medicaid buy in.

Teresa Newbold stated she was speaking on behalf of her daughter Kyla and the events surrounding her liver transplant. At age 12, Kyle was diagnosed with a rare blood clotting disorder. After four and one half years, living mostly at Primary Children's Hospital, she was told she needed a liver transplant. She waited for another one and a half years and finally received the transplant. They did have insurance but medical costs go on and the insurance has been dropped. She stated her daughter wants to be self reliant, but the message she receives is she is better off not to try if she wants benefits. She stated she is thankful for UMAP. It has kept her daughter alive, but Kyla would like to be able to work and become self sufficient and not have to use government assistance.

Scott Warnick, Utah Issues, distributed a UMAP Coalition Fact Sheet. He stated he could relate stories of many individuals who were affected by the UMAP funds cut. Many of the stories are tragic. He stated that the individuals who are on UMAP are the lowest income individuals, have the fewest health care options, and they are trying to learn and be self sufficient, but many health care concerns create enormous barriers to their efforts. The UMAP program is critical in helping them deal with their health care issues. The cuts not only reduced the number of people who qualify for the program, it also limited the number of services. He stated he would like to encourage appropriation of \$1.4 million in on-going funding to permanently restore these cuts, a \$467,000 supplemental appropriations to restore cuts immediately and support for the governor's request for a \$300,000 independent study of the program.

Sylvia Rickard said she was asking support for medical coverage for women who are being screened under the Breast and Cervical Cancer Early Prevention Act who don't have funds to pay for it. She said an appropriation for the first year would be \$177,000 for the state and it would be a four to one federal match and would provide treatment for 65 women.

Judi Hilman, Utah Issues, told the story of a woman with breast cancer who went to a UMAP clinic where she was told they could not treat her because it had not metastasized. By the time she found treatment, the cancer had metastasized. She was treated, had chemotherapy and radiation but recently died. She stated this woman would have been covered on this new program and possibly saved if treated earlier.

Marion Peterson, American Cancer Society, stated the American Cancer Society was not asking the committee to supplant any of the money that has been asked for before. This is additional, but it is very scary to know that a lot of women are dying who should not. She asked committee members to consider a small amount of money to help a lot of women.

Dave Gessell, Utah Hospital Association, stated the medicaid budget is very important, not only to hospitals but to the whole health system of the state. For hospitals it is very important because nearly 20% of their revenue comes from the Medicaid program. He said they totally support the department's, the governor's, and the analyst's recommendations. He said he would echo that Utah has a good, well run program while many states are having difficulties.

Mike Matthews, Fire Chief, Ogden City, stated that the recommendation for ambulance rate increases will help every Medicaid recipient in the state because they all have the potential need for ambulance services. He stated that in thirteen years they haven't seen an increase. He said that ambulance rates are regulated by the Department of Health and they can't raise rates to offset deficits.

John Harbert, Utah Association of Community Services, said they were working with the Utah Health Care Association to support the recommendations for people with disabilities.

Corolla Zitzman, Utah Health Care Association, distributed a pamphlet that describes some of the various programs funded by Medical Assistance. She said her son is in the Wide Horizons Care Center. She stated she was seeking support, not only for her son, but also for the other 550 who are served in the program.

Jerry Costley, Executive Director, ARC of Utah, stated that most people want to be able to work, get ahead, save money for retirement, and live the life most of us take for granted, and yet a lot of services that allow people to work, such as a job coach, cuts their Medicaid benefits or forces them to go into artificial poverty to participate. He urged support for the recommended budgets and also for the rate increases for physicians.

Nancy Nelson stated she worked for the Health Department as a health care advocate for sixteen years. She suffered a mental breakdown and was required to go on disability. She said she was terrified. She stated she would like to work but because she needs Medicaid she has no choice but not to work.

6. Other Committee Business

Co-Chair Seitz announced that due to time, fees would be put on Friday's agenda. Committee members were given a list of the Analyst's recommendations for the Department of Health and the Department of Human Services to study and do preliminary prioritization for Friday's discussion.

MOTION: Rep. Saunders moved to adjourn. The motion passed unanimously.

Co-Chair Seitz adjourned the meeting at 5:00 p.m.

Minutes reported by Norda Shepard, Secretary.

Sen. David H. Steele
Committee Co-Chair

Rep. Jack A. Seitz
Committee Co-Chair